

AMENDED IN SENATE MAY 23, 2014

AMENDED IN SENATE APRIL 29, 2014

AMENDED IN SENATE APRIL 3, 2014

**SENATE BILL**

**No. 1315**

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**Introduced by Senator Monning**

February 21, 2014

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An act to amend Section 14043.7 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1315, as amended, Monning. Medi-Cal: providers.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions.

Existing law permits the department to make unannounced visits to an applicant or to a provider for the purpose of determining whether enrollment, continued enrollment, or certification as a provider is warranted, or as necessary for the administration of the Medi-Cal program. Existing law further requires that a provider be subject to temporary suspension from the Medi-Cal program, which includes temporary deactivation of the provider's number, for failure to remediate significant discrepancies in information that he or she provided to the department or for failure to remediate significant discrepancies that are discovered as a result of an announced or unannounced visit to a provider, as specified. Existing law requires the provider to be notified,

in writing, of the temporary suspension and deactivation of provider numbers.

This bill would require that notice of temporary suspension to contain a list of discrepancies to be remediated and the timeframe in which the provider needs to remediate those discrepancies, which ~~would~~ *must* be at least 60 days from the date the notice of temporary suspension is issued. The bill would require the department to lift a temporary suspension and notify a provider that the temporary suspension has been lifted and that he or she is eligible to receive reimbursement for Medi-Cal services provided after the date the temporary suspension was lifted if the provider has demonstrated that the identified discrepancies have been remediated within the applicable timeframe. A provider who fails to remediate the identified discrepancies, *as specified*, would be removed from enrollment as a provider in the Medi-Cal program by operation of law.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 14043.7 of the Welfare and Institutions
- 2 Code is amended to read:
- 3 14043.7. (a) The department may make unannounced visits
- 4 to an applicant or to a provider for the purpose of determining
- 5 whether enrollment, continued enrollment, or certification is
- 6 warranted, or as necessary for the administration of the Medi-Cal
- 7 program. If an unannounced site visit is conducted by the
- 8 department for any enrolled provider, the provider shall permit
- 9 access to any and all of their provider locations. If a provider fails
- 10 to permit access for any site visit, the application shall be denied
- 11 and the provider shall be subject to deactivation. At the time of
- 12 the visit, the applicant or provider shall be required to demonstrate
- 13 an established place of business appropriate and adequate for the
- 14 services billed or claimed to the Medi-Cal program, as relevant to
- 15 his or her scope of practice, as indicated by, but not limited to, the
- 16 following:
  - 17 (1) Being open and available to the general public.
  - 18 (2) Having regularly established and posted business hours.
  - 19 (3) Having adequate supplies in stock on the premises.

1 (4) Meeting all local laws and ordinances regarding business  
2 licensing and operations.

3 (5) Having the necessary equipment and facilities to carry out  
4 day-to-day business for his or her practice.

5 (b) An unannounced visit pursuant to subdivision (a) shall be  
6 prohibited with respect to clinics licensed under Section 1204 of  
7 the Health and Safety Code, clinics exempt from licensure under  
8 Section 1206 of the Health and Safety Code, health facilities  
9 licensed under Chapter 2 (commencing with Section 1250) of  
10 Division 2 of the Health and Safety Code, and natural persons  
11 licensed or certified under Division 2 (commencing with Section  
12 500) of the Business and Professions Code, the Osteopathic  
13 Initiative Act, or the Chiropractic Initiative Act, unless the  
14 department has reason to believe that the provider will defraud or  
15 abuse the Medi-Cal program or lacks the organizational or  
16 administrative capacity to provide services under the program.

17 (c) (1) Failure to remediate significant discrepancies in  
18 information provided to the department by the provider or  
19 significant discrepancies that are discovered as a result of an  
20 announced or unannounced visit to a provider, for purposes of  
21 enrollment, continued enrollment, or certification pursuant to  
22 subdivision (a) shall make the provider subject to temporary  
23 suspension from the Medi-Cal program, which shall include  
24 temporary deactivation of the provider's number, including all  
25 business addresses used by the provider to obtain reimbursement  
26 from the Medi-Cal program. The director shall notify in writing  
27 the provider of the temporary suspension and deactivation of  
28 provider numbers, which shall take effect 15 days from the date  
29 of the notification. Notwithstanding Section 100171 of the Health  
30 and Safety Code, proceedings after the imposition of sanctions in  
31 this subdivision shall be in accordance with Section 14043.65.

32 (2) A notice of temporary suspension issued pursuant to  
33 paragraph (1) shall include the following:

34 (A) A list of discrepancies required to be remediated.

35 (B) The timeframe in which a provider may demonstrate to the  
36 department that the discrepancies identified pursuant to  
37 subparagraph (A) have been remediated. The timeframe in which  
38 a provider may remediate discrepancies shall not be less than 60  
39 days from the date the notice of the temporary suspension is issued.

1 (3) If a provider who has received a notice of temporary  
2 suspension pursuant to paragraph (1) demonstrates to the  
3 department that the discrepancies identified pursuant to  
4 subparagraph (A) of paragraph (2) have been remediated and meets  
5 the standards of participation within the timeframe specified in  
6 subparagraph (B) of paragraph (2), the department shall lift the  
7 temporary suspension and shall notify the provider that the  
8 temporary suspension has been lifted and that he or she is eligible  
9 to receive Medi-Cal reimbursement for services provided after the  
10 date the temporary suspension was lifted.

11 (4) If a provider ~~who~~ has received *a site visit pursuant to this*  
12 *section that results in* a notice of temporary suspension pursuant  
13 to paragraph (1), *and the provider* fails to remediate the  
14 discrepancies identified pursuant to subparagraph (A) of paragraph  
15 (2) within the timeframe specified in subparagraph (B) of paragraph  
16 (2) *after having received two written notices from the department,*  
17 the provider shall be removed from enrollment as a provider in  
18 the Medi-Cal program by operation of law.

19 (d) (1) This section shall become operative on the effective  
20 date of the state plan amendment necessary to implement this  
21 section, as stated in the declaration executed by the director  
22 pursuant to paragraph (2).

23 (2) Upon approval of the state plan amendment necessary to  
24 implement this section under Section 455.416 of Title 42 of the  
25 Code of Federal Regulations, the director shall execute a  
26 declaration, to be retained by the director and posted on the  
27 department's Internet Web site, that states that this approval has  
28 been obtained and the effective date of the state plan amendment.  
29 The department shall transmit a copy of the declaration to the  
30 Legislature.